GOVERNMENT OF INDIA
INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:4659
ANSWERED ON:18.04.2001
IMPACT OF U.S. ECONOMY ON SOFTWARE COMPANIES
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Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether the India`s leading software companies are likely to be affected by the slow down in the US economy;

(b) if so, the details thereof;

(c) the corrective steps taken by the Government in this regard;

(d) the amount spent on the Research and Development in Software sector; and

(e) the efforts being made by the Government to make the country the global leader in this particular field?

Answer

MINISTER OF PARLIAMENTARY AFFAIRS AND INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN)

(a),(b) and (c): It is too early to judge the effect of the slowdown in the U S economy on India`s leading Software companies. Indications, however, seem to suggest that export of on-site services is likely to be affected to some extent. However, outsourcing of Software services by US companies is likely to go up. On the balance it is expected that the Indian Software industry will continue to maintain a healthy rate of growth in future.

(d): Globally, the Software Sector spends around 10% of its revenue on R&D. However, the figure in the case of India is estimated to be significantly lower.

(e): The steps taken by the Government are placed at Annexure.